



Statement of Condition

March 31, 2025

TriCity Bankshares Corporation 

Dividend Announcement

The Board of Directors declared a dividend of \$0.18 per share payable on April 16, 2025, to shareholders as of the record date of April 28, 2025.

The Corporation has a long history of maintaining capital ratios in excess of the levels required to be considered well capitalized and maintained that position through March 31, 2025.

The Board will continue to monitor earnings, on-going regulatory requirements, economic outlooks and other factors when approving future dividends.

INCOME STATEMENT (unaudited)		
	Three Months Ended	
	3.31.25	3.31.24
Interest Income	\$18,343,729	\$18,782,597
Interest Expense	\$4,514,589	\$6,127,841
Net Interest Income	\$13,829,140	\$12,654,756
Non-Interest Income	\$3,579,658	\$3,813,089
Less: Provision for Credit Losses	-	-
Non-Interest Expense	\$13,416,170	\$13,028,877
Income Before Income Taxes	\$3,992,628	\$3,438,968
Income Tax Expense	\$667,975	\$515,578
Net Income	\$3,330,329	\$2,923,390
Net Income Per Common Share	\$0.37	\$0.33
Dividends Per Common Share	\$0.18	\$0.18

BALANCE SHEET MARCH 31, 2025 & 2024 (unaudited)					
Assets	2025	2024	Liabilities & Equity	2025	2024
Cash & Due from Banks	\$104,036,029	\$168,154,254	Non-Interest Bearing Deposits	\$402,314,515	\$399,441,397
Federal Funds Sold	\$2,102,706	\$1,076,709	Interest Bearing Deposits	\$1,265,294,825	\$1,311,510,927
Security Investments	\$471,379,965	\$589,965,635	Total Deposits	\$1,667,609,340	\$1,710,952,324
Total Loans	\$1,170,243,699	\$1,160,515,337	Borrowings	\$276,000	\$150,000,000
Allowance for Credit Losses	\$(14,175,034)	\$(14,539,468)	Lease Liability	\$11,462,631	\$11,985,814
Net Loans	\$1,156,068,665	\$1,145,975,869	Other Liabilities	\$3,308,115	\$5,325,251
Bank Premises & Equipment	\$20,021,775	\$19,483,499	Total Liabilities	\$1,682,656,086	\$1,878,263,389
Right of Use Lease Asset	\$11,462,631	\$11,985,814	Common Stock	\$8,904,915	\$8,904,915
Cash Surrender Value of Life Insurance	\$47,672,844	\$44,697,940	Additional Paid-in Capital	\$26,543,470	\$26,543,470
Other Assets	\$33,229,005	\$38,602,974	Unrealized Loss on Security Investments	\$(49,047,442)	\$(64,963,127)
			Retained Earnings	\$176,916,591	\$171,194,047
Total Assets	\$1,845,973,620	\$2,019,942,694	Total Stockholders' Equity	\$163,317,534	\$141,679,305
			Total Liabilities & Equity	\$1,845,973,620	\$2,019,942,694

Management Comments

The Corporation posted net income of \$3.33 million for the first three months of 2025, an increase of \$0.4 million or 13.9%, compared to the first three months of 2024. Earnings per share increased to \$0.37 for the first three months of 2025 compared to \$0.33 for the first three months of 2024.

Net interest income before the provision for (recapture of) credit loss was \$13.8 million for the first three months of 2025, an increase of \$1.2 million or 9.3%, compared to the first three months of 2024. The growth was comprised of an increase of \$1.1 million in interest income on loans and a decrease of \$1.8 million in interest paid on short-term borrowings; offset by a decrease of \$0.9 million in interest income on amounts held at the Federal Reserve and other banks, a decrease of \$0.7 million in interest income on security investments, and an increase of \$0.2 million in interest paid on deposits.

Non-interest income for the first three months of 2025 was \$3.6 million, a decrease of \$0.2 million or 6.1%, compared to the first three months of 2024. The decline was comprised of a decrease in debit card interchange income of \$0.1 million, a decrease in ATM fees of \$0.1 million, and a decrease in merchant services, loan servicing, and other income of \$0.1 million; partially offset by an increase in service charges on deposits of \$0.1 million and an increase to the cash value of bank owned life insurance of \$0.2 million.

No provision for credit losses were recorded in either of the first three months of 2025 and 2024. The Corporation has recognized net recoveries on its allowance for loan losses in each of the past five years. The Corporation will continue to closely monitor loan portfolio activity and local market economic conditions as part of the analysis of the overall allowance for credit losses.

Non-interest expense during the first three months of 2025 was \$13.4 million, an increase of \$0.4 million or 3.0% compared to 2024. The increase was primarily attributable to an increase in salaries and employee benefits of \$0.2 million, an increase in net occupancy cost of \$0.1 million, an increase in furniture and equipment expenses of \$0.1 million, an increase in data processing expense of \$0.1 million, and other net activity, partially offset by a decrease in professional fees of \$0.3 million.

Income tax expense during the first three months of 2025 was \$0.7 million, an increase of \$0.1 million, or 28.5%, compared to the first three months of 2024.

The Corporation's total assets as of March 31, 2025, were \$1.85 billion, a decrease of \$174.0 million compared to March 31, 2024. The decrease was primarily a result of repaying \$150 million in borrowings using cash held at the Fed Reserve. Investments in securities decreased by \$118.6 million, driven primarily by principal cash inflows and the sale of \$64.7 million in securities, offset by an increase in fair market value of \$20.6 million. Net loans increased by \$10.1 million or 0.9%. Cash and amounts due from the Federal Reserve and other banks decreased by \$63.1 million, driven primarily by paying off borrowings. The Corporation has maintained core deposits year over year with a decline of \$43.3 million, or 2.5% primarily driven by a reduction in Municipal deposits of \$18.5 million.

Total shareholders' equity for GAAP purposes was \$163.3 million as of March 31, 2025, an increase of \$21.6 million, or 15.3% compared to March 31, 2024. The increase resulted from a \$5.7 million increase in retained earnings, net of dividends paid of \$6.4 million, during the twelve-month period, and an increase of \$15.9 million in the unrealized market value of the security investment portfolio net of deferred taxes. The Corporation's Tier One Capital, the primary regulatory measure of strong capital, excludes unrealized gain or loss on the security investment portfolio, and it increased from \$206.6 million as of March 31, 2024, to \$212.3 million as of March 31, 2025, an increase of 2.8%.